Bellini bid hinges on financing

CLEVELAND — A bid by Gray Drug president Carl Bellini to purchase the bulk of the chain from parent company Sherwin-Williams still hangs on Bellini's ability to line up the necessary financing. That process could take several months, according to Sherwin-Williams.

In a related development, former Gray president Al Towle told *Drug Store News* that his earlier bid for the 358 stores sought by Bellini remains on the table. Towle, who ran the troubled drug chain from December 1981 to October 1983, was rejected as a suitor in late December in favor of an inside management group led by Gray's current president.

"My deal was financed and ready to go," Towle said.

Sherwin-Williams announced in late December that it had agreed in principle to sell 81 Gray Drug stores in Florida and 22 Drug Fair stores in Baltimore to Rite Aid. Simultaneously, it announced its intention to sell the remaining 358 units in Ohio, Virginia and elsewhere to the Bellini group. "We expect both deals will be finalized by early spring," said Sherwin-Williams spokeswoman Diane McCormick. "The sale to Rite Aid is subject to various government approvals and an evaluation of the inventory in the stores to determine the final selling price. The deal with the Bellini group is subject to the arrangement of necessary financing."

No purchase price has been revealed for the stores, but market analysts have estimated the entire chain would fetch between $200 million and $250 million. Analyst Jeff Stein of McDonald & Co. Securities in Chicago estimates Gray earned operating profits of $10 million to $11 million in 1986.

Publix builds Fla. presence with combo store push

LAKELAND, Fla. — Publix Super Markets, the $3.5 billion Florida food chain, has jumped out quickly in its race to penetrate the food and drug combination store market.

With five 56,000-sq.-ft. stores already launched in the final quarter of 1986, Publix has "more on the drawing boards" for this year, said Clayton Hollis, director of public affairs and public relations.

Publix is making its push at the same time that other food and drug operators, including Albertson's and Kroger, are moving vigorously to gain market share in Florida.

Hollis said Publix' initial five combo stores had done "remarkably well" with their 900-1,000-sq.-ft. pharmacies and were already breaking even. He said script volume has been "much greater" than anticipated.

To generate pharmacy sales, the chain used $5-off coupons for new and transferred scripts during the open week of each store, but Hollis said the main reason for the chain's success with its newly launched pharmacy departments is "the trust people have in Publix."

Rx launch

Indeed, many observers predicted that the 56-year-old company, which has all of its 310 stores in Florida, would have no trouble entering the prescription market because of its strong public image in the Sunshine State.

Hollis said Publix had "a tremendous number of people" apply for jobs in pharmacy after word began to circulate that the company would be opening combos.

"We told pharmacists that we wanted a 'hands-on' operation," Hollis said. "We didn't want to stick our pharmacists behind glass cages." Hollis said it was that approach that appealed to pharmacists.

Ron Miller, a pharmacist and former Eckerd supervisor, is heading up Rx operations for the chain.

Publix has positioned the pharmacy department to the left of the front entrance, overlooking the expanded H&BA and cosmetics departments. About 30% of the combos' selling space is devoted to nonfoods, including Rx, H&BA, cosmetics, greeting cards, one-hour photo and general merchandise. The rest is food, with a heavy emphasis on perishables.

Each of the five new prescription departments has either two or three full-time pharmacists, depending on volume, and two assistants to bring up orders and help stock.

The departments are all equipped with on-line pharmacy computer systems, which allow pharmacists in any store to call up patient profiles from other stores.

The combo stores opened so far are in Tampa (2), Orlando (1) and the Fort Lauderdale area (2). Hollis said the chain would still open 38,000-40,000-sq.-ft. superstores without pharmacies in communities with strong drug store operators.

NEWS IN BRIEF

Vons Grocery, Allied marts to merge

EL MONTE, Calif. — Vons Grocery and Allied Supermarkets of Detroit have entered into a merger agreement in a transaction valued at about $700 million in cash, Allied stock and the assumption of debt. In a related development, however, Allied's Board of Directors agreed to sell that company's existing 24-store operation to a group of investors headed by chairman and ceo David Page, for a pricetag of $46 million.

The Page group will also assume $20 million in outstanding debt for the Detroit stores.

The merger agreement, announced Dec. 31, is subject to regulatory conditions and the approval of necessary financing. The new company will be called Vons Companies, headquartered in El Monte.

Bergen adds to Good Neighbor program

ORANGE, Calif. — Bergen Brunswig's Good Neighbor Pharmacy group has launched a new monthly newspaper ad program for retailers who may not want to run all of the group's advertising circulars but do want a consistent ad program.

The monthly ads will feature 24 items from categories including H&BA, household supplies, GNP private-label goods, candy and snacks, and other sundry items.

Good Neighbor Pharmacy is a comprehensive ad and promotional program administered by Bergen Brunswig, the nation's second largest drug wholesaler.

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Vol. 9, No. 2 January 19, 1987

Albertson's maps '87 growth plans

BOISE, Idaho — Albertson's will open 30 superstore and combo stores in Texas, California and Florida in 1987 in the first year of its 160-store, five-year growth plan.

The nation's eighth-largest food chain ($5 billion-plus annual sales) is targeting superstore growth in California, with 12 stores planned in 1987. Five units will be in Sacramento and the rest in the Los Angeles area, according to Gary Michael, Albertson's vice chairman and cfo.

Combination store growth will continue in Texas and Florida, with Texas expansion centered in the Dallas-Fort Worth metroplex, which Albertson's entered two years ago. Four more stores are planned in this Texas market in 1987.

The chain is settling for a five-store combo expansion in Florida, after missing a shot at the 21-unit A&P Family Mart chain, when A&P sold the combo stores to Kroger in December.

"We thought we had a deal, but they called us up one day and told us they were selling to Kroger," said Michael.

Stores will be added in Orlando, Palm Beach County and Jackson, raising total Florida penetration to 60 units.

Michael said several superstores will also be opened in Oregon and Washington markets, near its newly planned 500,000-sq.-ft. distribution center. Ground-breaking on the Portland-based DC is slated for late 1987, with the facility supporting Northwestern stores in late 1988.

The 454-store chain projects sales at fiscal year's end (Jan. 29) of $5.35 billion, up 6% from 1985, Michael said.

Earnings should hit $95 million to $97 million, or $2.80 to $2.90 per share, up 8% to 14% from the previous year, Michael forecast.

London Drugs opens 2 units in Calgary

CALGARY, Alberta — London Drugs Ltd., operator of some of the highest-volume stores in the chain drug industry, has cracked this key market in Western Canada with two new units. The newest London drug and general merchandise stores, opened late last year, bring to 28 the number of stores operated by the chain, based in Vancouver, British Columbia.

The newest store openings also add significantly to London's growing strength in Alberta, where it already operates five stores in Edmonton and a sixth in nearby Red Deer. The chain has been on a push eastward for several years and will open at least two more units in Calgary in 1987, according to senior vp Mark Nussbaum.

The newest stores are about 1,500 sq. ft. larger than older London Drugs formats, with 17,000 sq. ft. of selling space and a floor plan totaling about 21,500 sq. ft. Newer London stores include large book departments; all units contain one-hour photofinishing labs.

F.T.C. eases Fed fines on out-of-stock ad items

WASHINGTON — Federal Trade Commission staffers formally rejected proposals to subject drug stores and other nonfood retailers to harsh government penalties for failing to stock sufficient quantities of advertised products.

Instead, officials at the F.T.C.'s Bureau of Consumer Protection proposed relaxing current Federal rules under which supermarkets are vulnerable to $10,000 Federal fines for running out of promoted merchandise.

During full-dress hearings on the rules, union leaders joined with Iowa Attorney General Thomas Miller in urging the F.T.C. to expand the regulation "to cover a wider variety of retailers"—including chain and independent drug stores.

After reviewing that testimony for more than a year, F.T.C. staffers late last month curtly dismissed proposals for a broad out-of-stock prohibition affecting nonfood retailers.

Instead, William MacLeod, F.T.C. Consumer Protection Bureau Chief, issued a 172-page report concluding that the current rule should either be relaxed or abolished altogether.

Under the plan advanced by commission staffers, the regulation would be modified to enable grocers to comply with the rule by offering "rainchecks" or "comparable value" substitute items for out-of-stock merchandise.

Additionally, the staff proposal would allow food retailers to avoid the risk of penalties altogether by using disclaimers in advertising to inform shoppers that quantities are limited, or not available at all locations.

INSIDE PHARMACY

Self-testing

Method of testing	Total	Age 0-24	25-44	45-64	65+
Urine	63%	72%	65%	65%	59%
Blood					
insulin users	28	55	40	26	16
noninsulin users	5	—	13	4	2
all diabetics	16	58	30	13	3
Both urine and blood	10	40	19	9	4
Urine only	53	32	46	56	55
Blood only	6	18	11	4	3
Neither	31	9	24	31	38

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How diabetics control their disease

Therapy	Total	Age 12-34	35-44	45-54	55-64	65-74
Currently using insulin	27%	46%	47%	22%	21%	24%
Currently using diabetes pills	35	7	15	34	39	47
Currently using a written diet	48	35	46	48	53	48
Using diet only	14	6	9	16	19	12
Using insulin and written diet	18	22	32	17	15	16
Using pills and written diet	16	7	4	15	19	20
Not currently using insulin/pills/diet	24	41	29	26	21	17
Ever used insulin	2	4	0	6	1	1
Ever used diabetes pills	8	7	8	7	10	8

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Pharmacists' role in helping diabetics grows

NEW YORK — The French say, *plus ça change, plus le même chose*—the more things change, the more they stay the same. This could be the motto for the diabetic products market.

It is a market going through rapid changes, with more on the way. Yet pharmacists are in the same position as before, serving as a source of information and advice to the diabetic customer.

A person with diabetes is likely to see a pharmacist five times as often as any other health professional, according to Keith Campbell, R.Ph., professor of clinical pharmacy at Washington State University and a certified diabetes educator (CDE). "Ninety per cent of all diabetes supplies are bought in pharmacies," he added, with the remainder obtained by mail or through surgical supply houses.

Pharmacists are in an ideal position to educate people with diabetes. More than 120 different products for use by diabetics are available in pharmacies, and almost all would benefit from some explanation. "The pressure is on the pharmacist to become more involved," Campbell said.

Although the educational role of the pharmacist is changing, it is separate from that of the nurse-educator, Campbell pointed out. The pharmacist who deals with diabetic patients also acts as a monitor and a referral source. As a monitor, the pharmacist can keep track of prescriptions and drug-related problems. As a referral source, the pharmacist can encourage patients to see their physician, ophthalmologist or dietician for appropriate care.

Monitoring blood glucose

But the products the pharmacist can provide information about are evolving. The major recent change in the diabetic market is the advent of blood glucose monitoring.

"The only thing I'd seen change in 38 years is that needles got sharper and smaller. Then blood glucose monitoring came along," said Campbell, himself a diabetic. Monitoring blood glucose levels allows a diabetic to maintain extremely good control over the disease.

The market for monitors, lancets, test strips and other paraphernalia is growing at a rate of 20% per year, according to Campbell, and monitors are getting smaller, easier to use and more precise.

Future blood glucose monitors will measure a chemical reaction rather than a color change on a test strip. Others will use newly developed membranes to filter out everything from the sample but the glucose. These future monitors would probably be more expensive than those available today, Campbell remarked, but will be better.

The pharmacist can take an active role in switching a patient from monitoring glucose levels through urine testing to monitoring blood glucose, Campbell said. "Urine tests show where you've been rather than where you are now." It is also far less exact than blood testing. "Not enough diabetics are testing often enough," he stressed.

But patients—either newly diagnosed diabetics or older patients being switched from urine testing systems—must be trained to use blood glucose monitors. Patients who choose to use jet injectors or insulin pumps must also be properly trained.

Pharmacists' role expanded

Some pharmacists are finding this educational role a perfect fit, one that has not so much changed, as expanded, said Peter Esposito, R.Ph., CDE, who educates diabetic patients at diabetes control centers in three Metro Drug pharmacies in northern New Jersey. Where pharmacists once focused on telling diabetics about their medications, they now also discuss equipment and keeping tight control over diabetes.

"[The pharmacist's role] has changed from a medicine-oriented one to an equipment-oriented one," said Esposito, who helps train newly diagnosed patients still in the hospital and vision-impaired patients with the use of a monitor that features an electronic voice to announce results.

Because equipment education is so important, some manufacturers of monitors are going straight for the consumers, offering audiocassettes and toll-free hotlines to help diabetics with product problems, said Maryellen Kari, spokeswoman for the Walgreen Co. However, the pharmacist is still central in educating the patient on how to use the monitor, she added. "The information is changing, but the pharmacist is still educating the patient."

Insulin pump potential

Insulin pumps are another area of diabetes care where pharmacists are now taking a hand. Until recently, insulin

Continued on page IP22

Bulk copies of the American Diabetes Association's (ADA) quarterly consumer newsletter, *Diabetes '87*, are available free to pharmacists to distribute to their diabetes customers. *Diabetes '87* includes tips on diabetes management, lifestyle and latest research developments. Bulk copies can be ordered by calling ADA's circulation department toll-free at 1-800-ADA-DISC or by writing to the ADA, 1660 Duke St., Alexandria, Va. 22314.

Frequency of testing by diabetics

Frequency of self-testing blood glucose:	Total	Percent of testers by age group 0-24	25-44	45-64	65+
More than three times per day	9	15	10	6	5
Three times a day	8	13	10	5	3
Twice a day	18	21	17	20	10
Once a day	29	30	27	30	28
Two to six times a week	13	9	12	13	17
Once a week	11	5	9	12	16
Two to three times a month	2	1	2	3	3
Once a month	4	1	3	4	7
Less frequently than monthly	7	4	10	5	9

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INSIDE PHARMACY

Rxers' role expands with diabetes market

Continued from page IP20
pumps were only distributed through physicians' offices, and physicians oversaw the instruction. Now, Esposito carries Becton-Dickinson's new line of minipumps and trains patients with them. The market for pumps is relatively stagnant, he said, but those patients who adjust to it prefer the method. As pumps become simpler to use, he sees this market growing.

The insulin side of the diabetic market is also changing, but not as rapidly as the equipment side, Campbell noted. Much of the change stems from the availability of pure human insulin from recombinent DNA technology (Lilly's Humulin) and semi-synthetic human insulin processed from pork insulin (Squibb-Novo's Novolin). Humulin's market share is growing, especially with younger or newer diabetics, and the product now accounts for 80% of the human insulin market. Lilly insulin products account for 70% of the insulin market as a whole, according to Campbell.

But change can bring confusion. Many insulin manufacturers are telling pharmacists it is all right to tell patients to switch insulins, according to Campbell, but a patient who is stabilized on one brand and happy with it should not be switched.

Insulin developments

Further changes in the insulin market may be on the way during the next four to five years. California Biotechnology and Lilly are developing an insulin in a nasal spray that would eliminate the need for injections. (See *Drug Store News*, Nov. 10.) However, irritation to the nasal mucosa may limit the usefulness of an insulin spray, Campbell said.

Researchers at the Medical College of Ohio, Bowling Green (Ohio) State University and the University of Washington are working on oral insulin tablets coated with polymers. This coating would protect insulin from digestion in the stomach and small intestine, according to Jim Richards, director of communication at the Medical College of Ohio. Bacteria in the large intestine would then attack the polymer and allow the release of insulin.

Similarly, insulin in suppository form would also avoid digestion in the upper gastrointestinal tract.

However, Campbell warns that absorption in the large intestine varies a great deal from patient to patient, and these future insulin products may not be practical. Other delivery technologies, such as an insulin patch, also may not be practical, he said, because insulin is a large molecule and difficult to get through skin.

Need time to accept

Future insulins such as these may take some time to become accepted, if and when they become available, Esposito added, because diabetic patients—and their doctors—don't make insulin changes without strong reason.

But new products will continue to come on the market, and information about diabetes treatment will continue to expand. Thus, pharmacists who help diabetic customers will remain in their established role as sources of information.

Medicaid program 'auction' plan urged

WASHINGTON — F.T.C. officials urged the Health Care Financing Administration to trim third-party government drug costs by "auctioning off" the right to participate in the Medicaid Rx program to low-bidder pharmacies.

Such an auction system could be used with any of the three Medicaid reimbursement reform proposals under consideration by H.C.F.A. The auctioning would "result in the lowest-cost distribution systems consistent with H.C.F.A.'s mandate," F.T.C. staffers said.

Commission officials advanced their controversial Medicaid pharmacy auction plan in response to H.C.F.A.'s request for comments on its three proposed alternative Rx reimbursement approaches: a Competitive Incentive Plan (CIP), a Pharmacist Incentive Plan (PhIP), and a streamlined version of the current Maximum Allowable Cost/Estimated Acquisition Cost.

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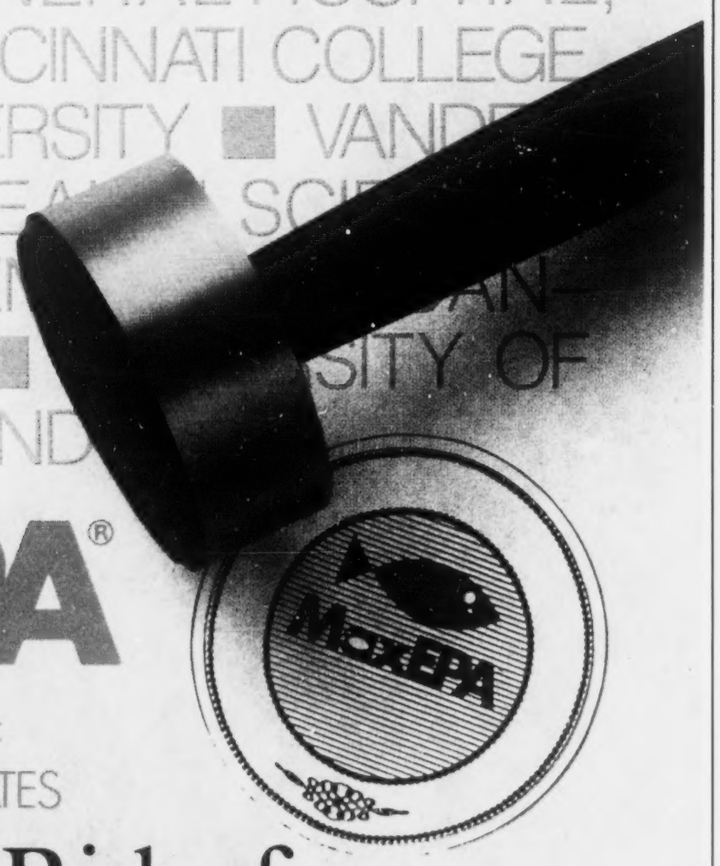

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1. Phillipson BE, Rothrock DW, Connor WE, et al: Reduction of plasma lipoproteins and aproteins by dietary fish oils in patients with hypertrigiyceridemia. *N Engl J Med* 312:1210–1216, 1985.
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Revco buyout plan

Continued from page 1

pered operating profits, which were 3.5% of sales that year.

Stabilizing strategy

But management through the last year has set in place operations and marketing programs that are expected to stabilize and build drug store profitability, while the chain keeps its "everyday discount" and strong pharmacy identity.

Revco will retrofit all stores by June 10, 1987, reduce inventory by $75 million by the end of 1987 and work to pare S&GA expenses by $24 million, according to the prospectus.

While planning to open 100 stores a year for the next five years, heavily in small town Southeastern markets, Revco will also close a total of 100 units and curtail remodels. Since 75% of stores are new or have been remodeled in the past five years, capital expenses can be reduced by about 55% a year compared to average recent outlays. The capital budget ceiling is $37.5 million in 1987 and $30 million a year thereafter, the prospectus says.

Debt structure

The debt structure is based on paying the bulk of a $455 million bank loan by collecting at least $225 million through the sale of the seven subsidiaries, the 100 drug stores and several distribution centers. That will reduce the loan to $170 million by November 1988, with the remainder of principle and interest paid off through excess cash flow.

Cash flow starting this year will cover the annual interest expenses from three note sales and on an $85 million convertible preferred stock sale, paying 12% per year. The notes, being sold by the two Anac companies formed to own Revco, are: $400 million of 13.1% senior subordinated notes due 1994, $210 million of 13.3% subordinated notes due 1996, and $93.8 million of 13.3% junior subordinated notes due 2001.

If the merger had been in effect in the 1986 fiscal year, interest costs would have been $156 million, according to a pro forma scenario in the prospectus. Actual interest in that year was $28.99 million. Profits before depreciation, amortization, interest and income taxes—assuming the merger was in effect—would have been $164.3 million, enough to cover the post-merger interest cost that the pro forma forecasts.

If the company sustains strong cash flow and contains expenses sufficiently, it could have significant dollars to pay back principle on the notes that first falls due in 1993.

Who the new Revco owners are

Transcontinental Services Group, N.V., is an investment holding company whose last big deal was taking Seligman and Katz Inc.—the owner of Adrien Arpel cosmetics—private last year. TSG joined Harold Geneen, the former ITT chairman, in buying the company, a $400 million business that also operates jewelry and beauty salons in department stores.

TSG is based in the Netherlands Antilles and is traded on the London Stock Exchange. Its chairman and executive director, Nathaniel de Rothschild, 40, will be a Revco director.

D.S. Partners L.P. (with the initials standing for "drug stores") is a subsidiary formed by TSG Holdings Inc., TSG's U.S. management company, to take Revco private. D.S. Corp. Ltd. is the general partner of D.S. Partners, with Robert Meisel, 31, president of D.S. Corp. Meisel also has been a vice president of TSG since July 1985.

A stockholders' agreement in the Revco LBO establishes a voting trust that covers all shares. Two of four trustees will be from TSG and two from Revco management investors—initially chairman Sidney Dworkin and president Bill Edwards. The trust will name a nine-member board of directors, with three directors picked by Dworkin and Edwards and two by TSG. Another director will be Glen Golenberg, who arranged the LBO and whose company owns a minority interest. Also, holders of the convertible preferred stock will name one. Salomon Brothers, another investor, will pick one itself, and jointly pick another with TSG.

Star adds home health

Continued from page 3

greens, Osco, Revco, Thrifty, Drug Emporium and Longs), in addition to pharmacy departments in K mart, Fry's combos and Safeway superstores. Thus, the decision to go into home health care eight years ago was a profit-protection move on Defender's part.

Says Lyle Crandall, chairman: "There is no way we're going to make it competing with drug chains on drugstore merchandise. It's true that investment in home health care is substantial—$200,000—but gross margins average 41%-42%, as compared with 30%-32% for drug store merchandise.

"But most important is the nature of the competition in home health care. It's fractured. Some stores deal in surgical supplies, others in wheel goods and still others in oxygen needs. But there are no chains. So by offering complete services under one roof, we are well positioned for increased market share."

P.O. substations

For many years Defender has operated post office substations in its stores (located adjacent to greeting cards). It's another way of building traffic and offering a service that the drug chains don't.

Now Defender is extending the size of some post office substations by 175 sq. ft., to include gift and parcel wrapping. The first store with the expanded P.O. department is on Lowell Road in Tucson.

Crandall says that the mailing center concept will be expanded to two or three other stores.

Where is the 175 sq. ft. coming from? The store's backroom, which has as much as 1,000 sq. ft.

One department that Defender is not expanding is drive-through prescription service, now in two stores.

"For one thing, a store must be on a corner—it can't be sandwiched between two buildings," said Crandall, "and that limits potential locations. But more than that, parking space is too costly for a drive-through Rx.

Worker output declining

Continued from page 1

(1983-1985). The decline reversed a 25-year productivity growth spurt, during which "real" (after inflation) sales per person shot up 87%.

Sharp reversal

A more refined Labor Department index (measuring output per hour for all workers) indicates that the negative trend in drug store productivity may be even more dramatic. Per-hour productivity in the industry showed an 8½% drop from 1983 through 1985. The decline followed a massive increase of 141% in industry productivity during the previous 25 years.

The sharp drops in drug store worker output appear even more significant when compared to overall nonfarm business productivity. Drug stores are one of the industries failing to keep pace with the continuing upward.

For example, non-farm businesses as a whole continued a steady rise in productivity, managing a small gain in 1985 of less than 1%. (A similar increase in 1986 appears probable, based on figures for the first three quarters.) In contrast, during 1985, drug and proprietary store productivity dropped more than 4%, compounding a 4½% decline suffered the previous year.

Cause of drop

The immediate cause of the productivity dip appears clear enough. More people worked more hours in drug stores during both 1984 and 1985, but sales did not increase proportionately.

But the reasons behind these changes are more elusive. Asked about the negative productivity trend, drug store industry officials at both the corporate and the store level tended to answer: "Not us." They also mainly discounted the government productivity statistics as an indication of declining employee efficiency.

One chain drug store manager suggested that high turnover in employees contributed to the dropping productivity rate. Others contend, however, that turnover has always been a part of the industry and is no worse than during the 20-year period when productivity skyrocketed.

Santa is a no show

Continued from page 3

and treasurer. Another Longs executive estimated that sales for the season were up about 10% over the previous year.

Year-end sales at London Drugs in Vancouver, B.C., were "way up" over last year's level, according to Mark Nussbaum, senior vice president and secretary. "Women's and men's fragrances were flat this year, but electronics, appliances and photofinishing were extremely good for us this year," Nussbaum said.

Across Canada, the outlook was more subdued. "Retailers were not overly excited by Christmas this year, but last year was so great it would have been hard to match," said Arthur Konviser, chief spokesman for Shoppers Drug Mart and a member of the Retail Advisory Board of Canada.

To some extent, Konviser added, that more conservative attitude worked in favor of Shoppers. "It was quite a buoyant Christmas for us," he said. "People tended to downsize in their purchases and go for lower-ticket items, and that helped us because that's what we specialize in."

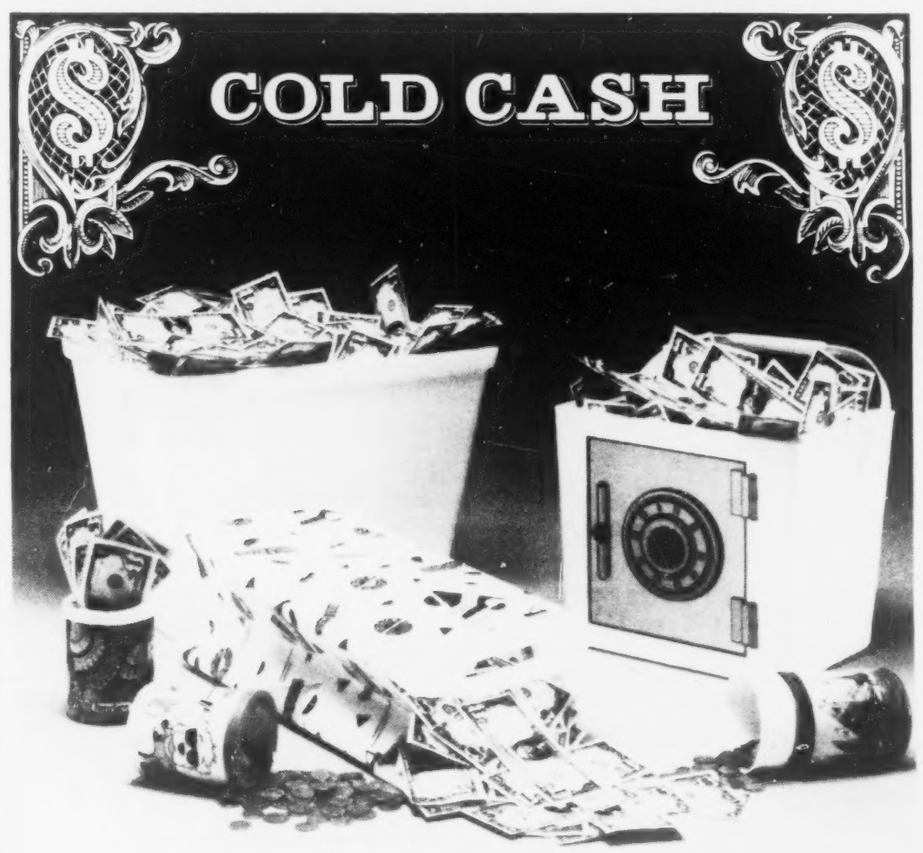
Kroger buys combos in Fla.

Continued from page 1

to move into Tampa-St. Petersburg," said a Kroger spokesman.

'Store and restore'

In using the combo as a key growth vehicle, Kroger plans to "store and restore" in markets it already serves, with any entry into new markets made via acquisitions, the spokesman said. The "restoring" will typically involve replacing its small supermarkets with full-size combos, he added.



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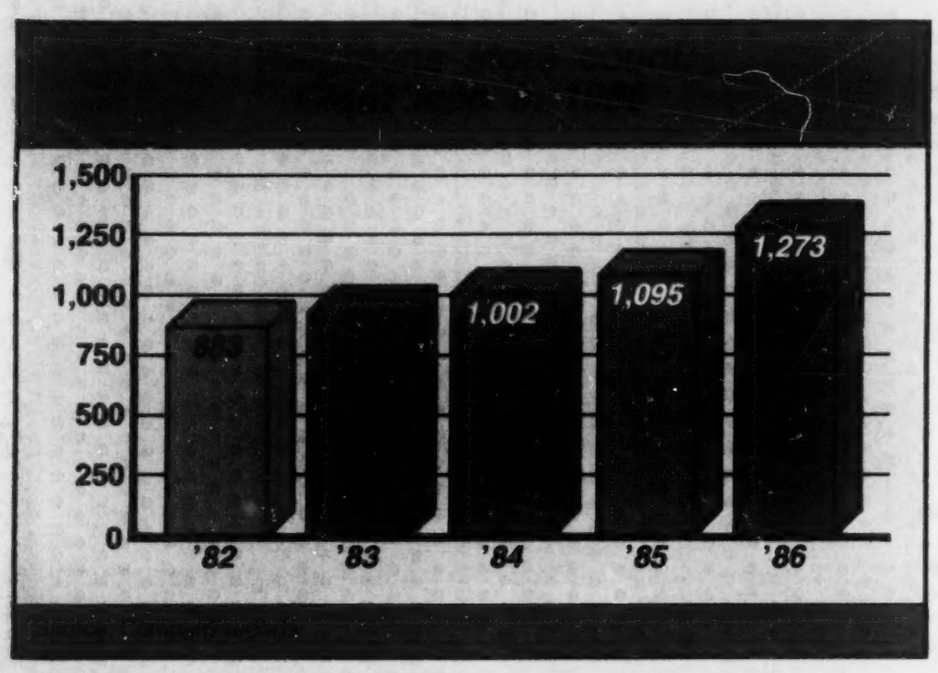
DRUG STORE NEWS

Vol. 9/No. 3 **Serving chains, wholesalers and high-volume independents for 57 years.** Published by Lebhar-Friedman Inc. February 2, 1987



Walgreens signals full steam ahead

Doubles advertising budget to $130M

By Jim Frederick

CHICAGO — Walgreen Co. will maintain the scorching expansion and modernization pace it set last year, with continued heavy expenditures for store openings, acquisitions and renovations, chairman Charles Walgreen III told shareholders at the annual meeting here Jan. 14.

"More than ever today, people want easy-to-reach and easy-to-shop stores—Walgreen stores," the chairman told a packed audience of some 500 at the First National Bank of Chicago. "That's why we plan to open at least 100 stores a year for the foreseeable future. And—depending on what's available—average 20 to 30 more stores per year by acquisition."

In addition, he said, the nation's highest volume drug chain would double its advertising budget to about $130 million this year as part of an aggressive bid to strengthen market share and capitalize on the gains it made last year, when it boosted its share in 32 of its top markets. "With increased competition, the need to reach our consumers through heavier, more frequent advertising is paramount," Walgreen said. "Market penetration makes strong, high-impact advertising affordable."

See related story, page 42

Expansion highpoint

Fiscal 1986 was the biggest expansion year in Walgreens'

See **Walgreens,** *page 41*

Chain expanding on many fronts

CHICAGO — Walgreen Co. is expanding its business on a number of fronts, including mail-order prescriptions and nursing home service, officers announced at the annual shareholders meeting here Jan. 14.

At the same time, the company is moving rapidly to upgrade store automation and electronic links between stores and headquarters and has begun testing point-of-sale scanning for an eventual rollout chainwide.

The chain was an industry pioneer in the mail-order prescription business and now offers the service through facilities in Phoenix and Orlando, Fla. In addition, Walgreens is enlarging its commitment to the nursing home prescription busi-

See **Expansion,** *page 41*

Eisenberg named to head Peoples' daily operations

Fantle organizing new retail project

By Liz Parks

Sheldon "Bud" Fantle may have retired from Peoples Drug, but he hasn't retired from retailing.

After 40 years of building a small regional chain of drug stores into the industry's seventh highest dollar volume drug chain, Bud Fantle is planning to form a new corporation called Fantle Enterprises Entrepreneurial Excellence.

"I'm proud of the past," Fantle said in an interview he granted *Drug Store News* a few days after announcing his retirement, "but I'm also excited about the future.

"The industry today is a totally different ball game than it used to be. It's a lot more competitive and a lot more challenging.

"I'll still be closely following what happens at Peoples,

David Eisenberg

since I'm a major shareholder, but I also intend to stay in retailing on my own.

"Given the difficulties of this past year, it was Imasco's decision to merge Peoples with its sister division, Shoppers Drug in Toronto.

"David Bloom, who was in charge of Shoppers, will now be in charge of the complete drug store division, and I wish

See **Fantle,** *page 41*

Played key role in chain's growth

By Al Heller

ALEXANDRIA, Va. — Industry sources feel that Imasco made the most logical move it could in naming David Eisenberg, 49, to run Peoples day-to-day.

The announcement came shortly after Peoples chairman Sheldon "Bud" Fantle retired, and the giant Canadian parent named Shoppers Drug Mart chairman David Bloom to head the Imasco Drug Retailing Group, a new joint Shoppers/Peoples entity.

Eisenberg, now senior executive vp and coo at Peoples, is the younger half of the duo that made Peoples a major force over the past decade and grew the chain to 851 stores and $1.8 billion annual sales (Canadian).

He is credited with sharing and executing Fantle's vision,

See **Peoples,** *page 41*

Albertson's Maxx opening a hit

BOISE, Idaho — Albertson's first deep discount drug store, called Maxx, scored a sizable hit here in its first few weeks of operation, an officer for the Boise-based supermarket chain said.

"We're very pleased with the results so far, but we're going to watch its performance at least through the summer before we decide whether to roll it into other markets," said Gary Michael, Albertson's vice chairman and cfo. "It's a very new type of store format for us."

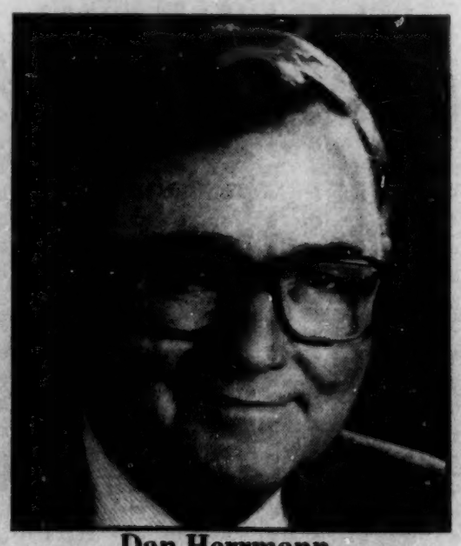
Albertson's held a grand opening for Maxx Dec. 10, building interest in the store through a series of TV and radio spots that are still running. Maxx's preopening ads and low prices on food and drug merchandise were enough to draw "huge crowds" to the grand opening, according to a local market observer, and to sustain the high sales pitch in the first month-and-a-half of business.

"They've really picked up significant amounts of business here, and there's no doubt they're pulling some of the market away from other retailers, including the Fred Meyer across the street," said Jan Friend, business editor for the *Idaho Statesman* in Boise. "I would suspect they're even taking some business from the two Albertson's combo stores in town."

Boise has been the scene of a heated battle for market share among supermarket retailers, Friend added, with heavy price-cutting among competitors in recent months.

See **Maxx,** *page 41*

Three key Fay's execs resign, startling industry



Dan Herrmann

LIVERPOOL, N.Y. — Fay's chairman Henry Panasci Jr. accepted the resignations of three top officers, including president and coo Daniel Herrmann, in a move that startled the industry.

Panasci said that Peter Rhodes, executive vp and cfo, and Bruce Berg, vp-store operations, also tendered resignations, which were announced after Fay's Jan. 14 quarterly board meeting.

The actions wipe out top management personnel at a time when the 150-store drug chain is wrestling to reverse five quarters of depressed earnings.

Panasci said he will assume Herrmann's duties and replace Rhodes "as quickly as possible."

He told *Drug Store News* the resignations had been discussed "for some time," and are the result of "a mutual understanding amongst us. We agreed it would be in the best interest of all if we part ways."

See **Fay's,** *page 41*

Peter Rhodes

SDM upgrades more units to POS scanning

TORONTO — Shoppers Drug Mart, Canada's largest retail drug company, is upgrading its newest point-of-sale cash registers to scanning in select Shoppers stores.

Shoppers, which first began to test scanning in March 1985, now has Datachecker scanning cash registers in three of its traditional franchised Shoppers Drug Mart stores, as well as in eight of its nine corporately owned Howie's deep discount drug stores.

Earl Biderman, Shoppers vp-management information systems, says the company's plan is to put scanners into at least 11 more Shoppers during the next 12 months and to install them in all new and existing Howie's.

At the end of fiscal 1988, Shoppers hopes to have a total of 16 Howie's in operation.

Datachecker system

There is no plan yet to put scanners into all 550 Shoppers Drug stores, but Biderman says Shoppers is gradually replacing its old manual cash registers with the Datachecker series 2000 system.

The 2200 base model in the series 2000 system gives Shoppers "the option of upgrading economically to scanning wherever we feel it is needed," Biderman said.

Currently, about 110 Shoppers have the 2100 model, which will now be upgraded to the 2200. Biderman said Shoppers will continue to upgrade to the 2200 at the rate of about 90 stores a year, including installations in new stores.

In the Shoppers stores, the information gathered by the scanners is being fed into and processed by the store's own pharmacy computer.

Biderman said that in the three test stores that have been using the reports generated by the scanners and computer, the savings in inventory management have been "significant."

Cites inventory control success

One franchisee was able to reduce his inventory by 10%, he said. "By eliminating slow-turning items and by developing a planogram that gave proportionate space to the better turning items," Biderman said, he was able to clear an additional 24 running feet of merchandising space.

Effect in one store

"He added a new 16-ft. bar soap department and an 8-ft. trial and travel section, and between them, these two departments added another $75,000 to his store's annual volume." Biderman said that total store volume is up greater than 10% in the test stores.

Biderman said that in addition to contributing to the creation of a data base that has improved in-store merchandising allocations, the scanners also "show promise for helping us improve corporate merchandising and promotional strategies."

Shoppers is also "actively working on plans for the selective elimination of individual unit price marking in the scanner stores," he said.

Pay for itself

In the long run, Biderman continued, the system will pay for itself by providing a more accurate pricing system, better product movement at the individual item level, and quicker and better feedback on promotional sell-throughs.

How SDM system works

In the Shoppers system, where a typical store has about six registers, the scanning cash registers are tied through a personal computer to the individual store's pharmacy computer.

The information gathered by the scanners is then processed by the in-store pharmacy computer, which also generates the cashier's and inventory reports and handles price look-up.

In the Howie's Deep Discount Drug stores, where there are generally at least nine registers, the scanners are currently limited to tracking cashier productivity, gathering movement data and insuring pricing accuracy.

The front-end scanners in the Howie's stores use an in-store personal computer for price look-up. Earl Biderman, Shoppers vp-MIS, says future in-store information processing will ultimately parallel the systems in the Shoppers stores.

Right now some 180 Shoppers have pharmacy computers, compared to just two of the eight Howie's, but Biderman says all stores should have pharmacy computers "within the next three years."

Shoppers is also using slot scanners at the front-end checkouts, while hand-held scanners are being installed at the registers in service departments like pharmacy and cosmetics.

NEWS IN BRIEF

Consortium set to buy Fisher Foods

ROCKY RIVER, Ohio — American Financial Corp. has agreed to sell its 44% controlling interest in Fisher Foods to a consortium of Cleveland-area companies for $20.6 million, or $13.75 a share. The sale of Fisher, which operates 64 supermarkets, food/drug combos and deep discount drug stores in northern Ohio, is subject to regulatory approval and should be completed in 30 to 60 days, according to the company.

Cincinnati-based American Financial announced Jan. 12 its intention to sell its 1.5 million shares of Fisher stock to American Seaway Foods, a wholesale firm based in Bedford Heights, Ohio, and Stop and Shop Companies, a group of Cleveland-area supermarket companies supplied by Seaway that operate under a common umbrella for buying and advertising purposes. The sale involves 56 Fazio's supermarkets, six Carl's Food and Drug Warehouse stores and two Jax off-price drug stores.

May's Drug restructures for growth

TULSA, Okla. — May's Drug, Oklahoma's largest family-owned chain, has completed a major reorganization to position it for growth, according to May's president Gerald Heller.

The restructure splits operations into two divisions: one will oversee the conventional drug stores, of under 10,000 sq. ft.; the other—the Drug Warehouse Division—is responsible for May's deep discount and superdrug stores, in the 15,000-sq.-ft. range.

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Vol. 9, No. 3 February 2, 1987

Lawton's adds POS cautiously

HALIFAX, Nova Scotia — Lawton's is investing about $20,000 per store to expand its three-store test of electronic point-of-sale into two more stores this month.

The 55-store, $75 million (annual sales, Canadian) chain has stores stretched across 1,000 miles from here to Newfoundland. Its store managers buy on their own, and 90% of merchandise that Lawton's sells is direct-store-delivered.

That makes the POS system a tool for store managers rather than headquarters. The chain's path is deliberately cautious and cost-efficient.

'Keep it simple'

EPOS is already in some of Lawton's highest volume stores, providing price look-up on 100 of the fastest moving health & beauty aids and tobacco sku's out of 7,000-8,000 total sku's in each store. President Donald Kyte is considering a product rotation every 90 days to elicit performance data on more sku's. The system has limited price look-up capacity, but to Kyte that's a lesser evil than "overcomplicating the business. We sometimes forget we're retailers. We're dealing with clerks. We want to keep it simple," he said.

Moreover, Kyte noted it costs $13,000 to $14,000 to equip a store with electronic cash registers. "For about $7,000 more, we get merchandising data without changing our procedures," Kyte told *Drug Store News*.

"Why buy a Cadillac when we need a Ford," said Ron Smith, vp-administration and accounting. He added that cosmetics and paper goods such as diapers and towels, which each account for about 8% of sales, would probably be next to go on look-up.

Lawton's hasn't decided which of two systems that it's testing it may eventually roll out. It has decided, however, to create a system that doesn't interface with pharmacy computers it has now in 25 high-volume stores and will place in five or six more this year.

Rx computer system

A store manager who wants a complete look at his store's performance will have to view data separately from the Rx computer and a master register at the front end. Nor can Lawton's have a central database of its pharmacy patients that would allow electronic prescription transfers from store to store; Canadian law prevents that, Smith said.

Kyte said its Rx system generates gross profits data by day and by script. Pharmacy accounts for 30% of store volume on an average of more than 100 scripts daily. Lawton's top store fills 200 prescriptions a day, Smith said.

New position

Lawton's moves into technology are just one end of chainwide efforts to grow sales, profits and market share. The chain has created a new post of vp-merchandising and advertising, which reports directly to Kyte.

Robin Rae, 39, fills that spot. He was formerly assistant general manager at Value Drug Mart Associates in Calgary, Alberta, where he was responsible for marketing, merchandising, advertising and retail operations. He also served in management at Skaggs and Gibson's, both in Texas.

"We need a concentrated effort there," Smith said. "Fresh ideas and a gut feel for merchandising are important."

Smith hinted that Lawton's is considering expanded imports and giftware efforts as a way to raise margins, appeal more broadly to customers and win back some share lost to "grocers who are selling more greeting cards, magazines and cosmetics."

Kroger targets 2nd 'Welcome' market

RICHMOND — Kroger has targeted two sites here as a second market for testing its Welcome superwarehouse store format, according to a company source.

It has bought leases on two sites where it will open the 100,000-sq.-ft. stores in early and mid-1988. This spring, the Welcome Inc. subsidiary that is developing the format will launch the first store in Greenville, S.C.

The markets are attractive because they have strong population bases and economic growth and because Kroger has no traditional stores there, where sales could be hurt. Typical warehouse stores draw from 15 to 20 miles out.

An amalgam of features from several large store formats, the Welcome units will highlight pharmacies and H&BA sections of 8,000 to 9,000 sq. ft., with deep discount pricing.

The spokesman said the success of these units will determine whether the format is developed further and becomes a part of the Kroger store development strategy.

MERCHANDISING TRENDS

Outlook bright for sun care seasonals

High-SPF tan lotions, blocks, accelerators seen as growth leaders

NEW YORK — Drug store retailers are gearing up for a strong sun care season this year.

The entire category will probably increase between 6% and 8% in 1987, industry sources say. Certain growth segments, such as sun protectors or blocks, sun tanning lotions with high SPFs and tan accelerators, are predicted to grow at double-digit rates.

An exact dollar volume for the category is difficult to come by, because market research companies tend to define sun care in different ways. Charles H. Kline Co. in Fairfield, N.J., for instance, includes department store sales and after-sun care moisturizer and first aid cream sales in their estimates, so that, if one uses their figures, the category was probably about $367 million in 1986 and could reach nearly $400 million in 1987.

However, A. C. Nielsen, which tracks the category basically through mass market retail outlets—food, drug and discount stores—and excludes moisturizers and first aid sun care products like Solarcaine from its estimates, says the category will reach about $250 million in sales in 1987, compared with about $235 million in 1986.

Nielsen and Charles Kline estimates agree, however, that for the past five years, the total category has been growing at between 6% and 8% a year.

If the after-sun moisturizers and the burn care or burn relief products are excluded from the category, as Nielsen and most of the major mass market manufacturers do, then sun care primarily falls into two general segments: tanning lotions and sun protectors.

Plough, which controls about 35% of the sun care market, further breaks down the tanning segment into two main categories: general tanning for "sun active" consumers who want to "tan with protection," and dark tanning for "sun worshippers" who want a quick dark tan and are relatively indifferent to protection.

These two tanning segments, Plough says, accounted for about 72% of the market in 1986. The protection segment, including products like Shade, Sundown and PreSun, which are designed to block as much of the sun's rays as possible and prevent tanning, accounted for about 25% of category sales. A small segment called tanning without sun accounted for the rest of sales, or approximately 3%.

Major segments in suntan category

Tanning segments	% Market share per segment	Consumer profile
Tan with protection	48.3%	Sun-active people with outdoors orientation; age 28 and younger; enjoy sun but as background to other activities.
Dark tanning	24.1	Sun worshippers; see sun as an instrument for basting up a beautiful tan.
Sun protection	24.3	Age 25 and older; concerned about sun and the potential harmful effects of its rays, but not ready to avoid sun altogether;looking for protection for self and family; no interest in tanning.
Tan without sun	3.3	Sun worshippers with access to spas or health clubs.

Source: Manufacturer estimates based on May June 1986 A. C. Nielsen audits

Growth prospects

The growth segments in the category are the high SPFs in both the tanning lotions and the sun protector segments and the new tan accelerator segment that Plough introduced last year under its Coppertone and Tropical Blend brands.

Charles Kline says sales in the high SPF segments increased 16% in the past two years, while sales in SPFs of five and below were up about 3%.

Westwood, which only has a protection line, PreSun, estimates the segment's growth at 21% in 1986 and says it expects the segment to do just as well, if not better, in 1987.

Plough's marketing department thinks the protection segment should climb from 25% of total sales now to 30% of total category sales within three years. They say the segment has grown at a 15%-plus rate since 1982.

In contrast, Plough says, the general tanning segment—or what they call the segment for "sun active" consumers—has been growing at a steady 6% rate for the past few years. The dark tanning segment, for "sun worshippers," has been growing at a fairly constant 3%-5% rate for the past several years, Plough says.

Sales up 15%-20%

Most retailers say their sales in the total sun care category increased between 15% and 20% in 1986, primarily because consumers, concerned about potential sun damage to their skin but still eager to get a tan, were experimenting with various products. And the season for sun care products seems to be lengthening, as more consumers take winter "sun" vacations or turn to tanning beds in local spas or health clubs.

Zinc oxides

The new "fashion" sun care line of colored zinc oxides also gave 1986 sales a jolt. Although some retailers see this segment as a fad that might not hold up in 1987, and others see it as a trend with relevance primarily for stores located in beach resort areas, the zincs had a strong positive impact on overall 1986 sales, and many retailers and manufacturers think they may do just as well in 1987.

One source estimates that the zincs generated about 4% of overall sun tanning sales in 1984, their first year on the market.

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Vendors create higher SPFs to meet demand

Until last year,the highest SPFs available in the mass market segment were the 15's, the 18's and occasionally a 20. But late in the season, Plough introduced a 23 SPF for its Shade sun protector brand, and Tanning Research Labs introduced a 22 for their Hawaiian Tropic dark tanning lotion.

Sell-throughs were excellent, and this season many of the major manufacturers, convinced that this is the category's strongest growth segment, are coming out with higher SPFs.

Eclipse Labs of Greenwich, Conn., former Faberge president Steve Manenti's new company, will have the highest SPF in the total sunscreen market with their new 35 SPF Cancer Guard by Eclipse, which will be introduced this season. Manenti recently bought the Eclipse line from Dorsey Labs and is preparing a marketing campaign.

Estee Lauder has a 32 SPF available, but their products are only sold in department stores.

Manenti says Eclipse Labs will only be distributing Cancer Guard, which is being marketed as a cancer preventive, through retail stores with pharmacies.

Westwood Labs will have the next highest SPF on the mass market. They're introducing 29 SPF PreSun. Sea & Ski's line of Block Out sunscreen protectors will also have SPFs in the 20's in both a lotion and a mist spray, plus an SPF of 25 for the Sea & Ski and Block Out cream. Eclipse will have a new 20 SPF aerosol, and Bain de Soleil will introduce its highest SPF, a 23.

Plough plans to drop the 23 SPF on its Super Shade sun protector line to add a 25. The company will introduce a 25 Coppertone sun block lotion as well as a children's line, Water Babies, with a 15 SPF.

At Hawaiian Tropic, their new waterproof formula for Baby Faces & Tender Places will have a 22 SPF.

Johnson & Johnson is also launching SPFs of 20 and 24 for their Sundown Sun Block protector line.

Style, discounts vie for chains' eye in sunglasses

Drug store retailers remain split about the fashion side of the sunglass business. Some prefer discounts to high style and shy away from the trendiest looks in order not to get stuck with short-lived fads—which some styles inevitably turn out to be.

Others, such as Eckerd, Dart and Pay 'n Save, appear more willing to take chances on hot looks—leathers, tortoise shell, nylon, punk colors, geometrics and smaller, rounder eye shapes—and display the current colors, shapes and materials that are often shown in the same season by department stores and mass merchants. One factor is the practice by some vendors, to protect retailers, of buying back outdated styles (summer leftovers in October; winter excess about March 1).

These chains, among others, merchandise the 50%-plus margin sunglasses in key traffic locations to grab impulse sales—often at the checkstand and cosmetics.

Places near cosmetics

Some of Dart's newest stores set spinner racks by cosmetics to make it easy for women to complete their total facial look. For less than a $10 ticket, women can coordinate frame colors and shapes with their latest hair color, cuts and makeup.

In parts of Florida, where Eckerd stores dominate and summer seasonals are important items all year round, the chain pursues a dual strategy to merchandise two brands of sunglasses, Foster Grant and Bonneau. Two spinner racks of Foster Grant are set on the main traffic aisle between cosmetics, sun care, skin care and pantyhose and are surrounded by hanging displays of $2.99 soft cases and $2.49 fashion-colored earpiece covers.

Hanging here at children's eye-level are Smurf glasses, meant to entice youngsters waiting for their moms to select lipstick and such.

Front-end racks

At the front end, Eckerd has one Bonneau rack of adult fashion frames, another of Disney license with a dump display within children's reach and a third rack of $12-$14 sports frames—flip-ups and polarized lenses—surrounded by fishing gear.

In all, Eckerd offers a broad display of what is basically an assortment business.

It looks as if Eckerd has tailored its sunglass displays toward family vacationers of all ages—and is capitalizing on its convenient locations to capture a business that it doesn't discount heavily.

Eckerd's current practice reflects what vp-merchandising Doug Bailey told a *Drug Store News* seminar:

Continued on page 20

MERCHANDISING TRENDS

Retailers like PABA-free and hypoallergenic brands for '87

Continued from page 13

In 1986, the zincs were primarily supplied through entrepreneurs newly entering the market or from regional sun care companies. In 1987, Plough has a line in this segment under a licensing arrangement with the California-based owners of the Zinka brand, and Bonne Bell is launching a new line called Zingers.

Although it is usual for manufacturers to guarantee sales in sun care products, that is not automatically the case with the zinc oxide brands.

Plough, for example, is not guaranteeing their Zinka line, but they are providing retailers with customized prepacks that hold conservative amounts of product.

Plough and Bonne Bell are also backing up their lines with extensive consumer advertising. Both the ads and the Bonne Bell blister packs give examples of other occassions in which the primarily teen users can enjoy their zincs, such as painting their faces for a football game or party.

Where shoppers buy sun care items

Drug stores	55%	50%
Food stores	25	28
Mass merchandise/ discount stores	20	22

Source: Manufacturer estimates based on A. C. Nielsen audits

In addition to the zincs and the higher SPFs, the PABA-free and hypoallergenic brands should do well in 1987.

PABA-free/hypoallergenic

Many buyers point out that the hypoallergenic cosmetic skin care lines like Almay and Clarion are doing well in their stores and that the time is right for that trend to carry into sun care.

Plough is pioneering this segment with their new Water Babies by Coppertone.

Water Babies is the first mass-market hypoallergenic PABA-free lotion designed specifically for children.

Plough reasons that mothers will use the product on themselves as well as on their kids, and so will anyone with sensitive skin.

Neutrogena agrees the time is right for a PABA-free lotion. They'll be introducing a PABA-free formula with the launch of their first sunscreen in 1987.

Neutrogena and Eclipse will also be the only sunscreen manufacturers to claim that their lotions protect against infrared rays as well as ultraviolet A(UVA) and ultraviolet B(UVB) rays. Most sunscreens and sun blocks on the market today are designed to filter out the UVB rays that do most of the burning, but many manufacturers are now also emphasizing formulas that give UVA protection as well. Among them: Westwood, with its new PreSun 29 SPF sun block; Plough, with its Shade line and its higher SPF tanning lotions; Sea & Ski for all its newest products; and J&J, with Sundown.

Retailers and manufacturers see the formulas with UVA as well as UVB protection as having a marketing edge, because consumers are more worried today about developing skin cancer or premature aging of skin. Brands that give UVA protection can promise some protection in this area.

Except for Eclipse, most manufacturers haven't reached the point where they're claiming their UVA formulas can prevent skin cancer or aging. But the label on a brand like the new PreSun 29 states that the formula can help to reduce the chance of premature aging and wrinkling of the skin as well as skin cancer caused by exposure to the sun.

Labels on Bain de Soleil's higher SPF protection products state that using these products regularly and frequently can "help reduce the chance of premature aging of the skin due to exposure to the sun." Sea & Ski carries an endorsement from the Skin Cancer Foundation on its Block Out front labels.

Many of the manufacturers with PABA-free formulas, extra moisturizing formulas or high UVA and UVB protection formulas are also detailing their products extensively.

Neutrogena, Eclipse, Plough, Sea & Ski, and Doak with formula 405 all are sampling dermatologists.

Chains discount sunglasses

Continued from page 13

"The challenge for us is to place better orders at the store level and alter the mix based on individual store characteristics."

That means better forecasting of year-round and promotional needs, which would help minimize out-of-stock problems continuing to hinder the industry. Some new racks offer backup inventory, which can help somewhat, but commit the retailer to more inventory dollars.

In the New York area, Austin Drugs president Gary Lefferts has found service merchandisers an acceptable solution. "The profit margin is somewhat down, but service levels are up, so as far as bottom-line profitability is concerned, it seems to be better," he said.

Offers $150 sunglasses

Another way Lefferts is picking up profits is in the sale of $150 sunglasses in some of the affluent Long Island neighborhoods his chain serves. That is true despite the average drug store sunglass ticket being in the $10 range and most of his sales occurring at $8-$15. These are often displayed inside a separate showcase within the service cosmetics area.

Other retailers interviewed felt that 10%-30% discounts in the low-price range was the most prevalent drug store pricing strategy—and that would continue to help encourage multiple sales.

Conscious of brands

While drug stores vie for their share of the market—currently about 20%, according to the Sunglass Association of America—manufacturers are making efforts to introduce brand awareness into the category.

As a few examples: Bausch & Lomb advertises its leather-covered frames in news magazines; Foster Grant sponsors beauty pageants and advertises on MTV to appeal to the under-25 age group, who are estimated to account for about half of sunglass sales; Bonneau persuaded Sylvester Stallone to wear its glasses in his upcoming movie, "Over the Top."

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